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C O N F I D E N T I A L SECTION 01 OF 04 BRASILIA 000229

SIPDIS

JCS FOR ADM. MCMULLEN

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SUBJECT: SCENESETTER FOR ADMIRAL MIKE MULLEN, CHAIRMAN OF
THE JOINT CHIEFS OF STAFF, MARCH 1-2, 2009

Classified By: DCM LISA KUBISKE. REASON: 1.5(D)

¶1. (C) SUMMARY. The CJCS visit to Brazil comes at an important time for our strategic partnership. With Nelson Jobim as Defense Minister, Brazil has, for the first time, effective civilian leadership and a mandate to modernize its armed forces. With a new defense strategy published in December, it will be making key decisions, notably on the purchase of new fighter aircraft that will affect the nature of our relationship for years to come. In spite of the Lula administration's political aloofness on defense matters and the Foreign Ministry's spring-loaded position of keeping the U.S. at arms length in defense and security matters, our current military-to-military relations are very good and improving. While some Brazilian leaders still find it politically convenient to portray the U.S. as a potential adversary, most of the Brazilian military is well apprised of the potential benefits of partnership. END SUMMARY.

¶2. (C) The relationship between the United States and Brazil is as productive and broad-based as it has ever been, the result of the excellent relationship between former President Bush and President Luiz Inacio Lula da Silva, new cooperation mechanisms on biofuels, business issues, and economic matters, and our shared goals of fostering hemispheric stability, promoting democracy, developing a consensus on next steps regarding climate change, and achieving a mutually satisfactory conclusion to the Doha round of WTO negotiations. U.S.-Brazil cooperation on foreign policy issues is often limited by the GOB's unwillingness to speak out against anti-democratic actions in the hemisphere (Venezuela and Cuba), take key steps to address key issues such as nuclear proliferation and counterterrorist concerns, and expand its international leadership in meaningful ways. Operational cooperation on law enforcement issues, such as counternarcotics, container security, and intelligence sharing, are highlights of the bilateral relationship. Brazil's ethanol program has made it a global model for alternative energy and offers potential for bilateral cooperation on an important strategic issue.

¶3. (U) With approval ratings hovering near 80 percent, President Lula is more popular than at any other point since he took office in 2003. Continuity and legacy are the guiding lights of Lula's second term. Lula continues to shape his legacy as a friend of the poor and builder of a foundation for prosperity for the lower and middle classes through broad social welfare programs and a vast, new economic growth program of public works and growth incentives. At the same time, Lula has failed to promote needed reforms to abolish a political culture of corruption, clientelism, and spoils.

¶4. (U) The United States and Brazil share the basic goals of fostering hemispheric stability, promoting democracy, preventing terrorist and drug transit activity, supporting international non-proliferation regimes, and have been working together to try to achieve a mutually satisfactory conclusion to the Doha round of WTO negotiations. Many Brazilian leaders take a cautious approach to relations with the United States, sometimes falling back on shopworn Latin American leftist rhetoric about excessive U.S. influence. Brazil maintains an active dialogue with Venezuela and Cuba, has worked hard to restore relations with Bolivia, and has stood firmly on the principle of respect for sovereignty in responding to the dispute between Colombia and Ecuador, preferring to work through the Organization of American States. The attainment of a permanent seat on the UN Security Council has been a central goal of Brazil's foreign policy.

¶5. (U) Brazilians are historically less attuned to developments in the United States than many other Latin Americans are, but have recently shown a high degree of interest in events in the U.S., especially in the Presidential election. Expectations for the Obama presidency are high, particularly in terms of the U.S. relationship with Latin America. President Lula has invited the President Obama to visit Brazil early in his administration and will visit Washington March 17. In discussing the election with Brazilians, post has emphasized the continuity of interests on key foreign policy issues and the continuity of the fundamental interests -- regional stability, promotion of

BRASILIA 00000229 002 OF 004

democracy -- that Brazil shares with the U.S. The GOB stresses continuing and hopefully expanding the base of cooperation built up between the U.S. and Brazil in recent years.

SECURITY ISSUES

¶6. (C) At President Lula's direction, Brazil has completed a new defense strategy document to set an overall course on security issues. Published on 17 December 2008, it has three main elements: modernization of the armed forces, revitalization of defense industries and implementation of a new regime of national service. For the Brazilian military, the key result of the strategy process has been the reintegration of defense goals into the country's overall development strategy and political dialogue. We expect that an important result of the new strategy will be an increase in funding devoted to national defense, which has been under-resourced since the end of the military government over twenty years ago. The worldwide economic downturn has, however, affected Brazil; therefore, boosts to defense spending may be less than the military would consider ideal. The resurgence of importance of the Brazilian military presents a unique opportunity to increase our bilateral cooperation and defense partnership. Several issues will be key in determining the degree to which we will succeed in enhancing our partnership.

¶7. (C) The first potential watershed in achieving a more robust defense relationship with Brazil will be the decision on a next generation fighter aircraft. Boeing's F-18 Super Hornet is a finalist along with the French Rafale and Swedish Gripen. A decision will be made in June 2009, with a final contract award in October. It would be difficult to overstate the significance of Brazil's Air Force committing to a U.S. aircraft as its primary fighter for the next generation. Boeing's proposal combines cutting-edge technology with a strong package of industrial cooperation. While the Super Hornet is clearly Brazil's best option both because of its capabilities and the advantages that interoperability with the U.S. military will bring, it is currently perceived as an underdog in the competition. Many

of Brazil,s political leaders remain uncomfortable with the idea of a close security relationship with the U.S. and believe France would be a better strategic partner. This view is not shared among the military, where the Super Hornet is generally seen as Brazil,s best option. To be successful, Boeing will have to make a strong case that its offset package offers economic benefits to Brazil far greater than its competitors. The Brazilian MOD and Air Force have stated clearly that these benefits must include substantial transfers of technology. Unfortunately, some Brazilian decision makers believe that the U.S. will not transfer superior military technology to Brazil. Several Cold War era denials of military items (e.g. Harpoon missiles) and recent headaches with commercial exporters of military items (Honeywell gyros) are cited to reinforce this perception, although the USG has already approved technology transfers in support of Boeing,s bid that meet all Brazilian requirements.

18. (U) There are a number of areas with prospects for immediate cooperation. Brazil is stationing a police officer and considering stationing a Navy officer at Joint Interagency Task Force (JIATF) South. The Brazilian military has participated in several major exercises, including UNITAS and PANAMEX with several more in prospect. Brazil has invited U.S. personnel to train at its jungle warfare school in Manaus, and there will be two USSOCOM soldiers in the jungle course this year which will mark the first U.S. students in just over a decade. The Brazilian navy has shown interest in vessels for coastal patrol and in improving their maritime situational awareness capabilities.

19. (C) We are in the process of pursuing information sharing agreements with Brazilian services -- potentially leading to a GSOIA. The Ministry of Defense has formally presented us with its proposed changes to the draft GSOMIA text. OSD has offered to host the first of the reciprocal visits in May 09. Then, Brazil will host us, after which, with a text approved by both side, we can sign the agreement. It should be noted MinDef Jobim has explicitly stated to us the agreement must be signed between the MOD and OSD in order

BRASILIA 00000229 003 OF 004

for him to be able to leave his own Foreign Ministry out of the process.

110. (C) We have been stalled on our Defense Cooperation Agreement (DCA) for almost a year because of the Ministry for External Affairs, failure to take action and the MOD's unwillingness to burn political capital to push this. While this situation is unlikely to change in the near term, we should remind the Brazilians that the DCA is important for future partnership, especially as it can shorten the process of approval for various future cooperative activities. Brazil has signed a large number of similar agreements in the last two years, so ours would not be a precedent and could be seen in the context of normal friendly mil-mil relations.

111. (U) In Nov 08 we conducted the first Bilateral Working Group for Defense (BWG-D) in over six years, and it came at an ideal time with stronger leadership in the MOD that is truly interested in building our defense partnership. One of the main goals was to agree that such meetings should continue regularly as an ongoing dialogue. We will follow up the BWG-D with a technology security dialogue which will look to establish a channel for regular information exchanges on technology to demystify U.S. export controls and a means to address specific export control cases without political involvement.

BRAZILIAN SENSITIVITIES

112. (U) Fourth Fleet. The April 2008 announcement of the reactivation of the Fourth Fleet caught Brazil by surprise and provoked much negative commentary. Even many Brazilians not prone to accept the wild-eyed theories of U.S. intentions

to invade the Amazon suspect that the announcement, coming as it did on the heels of the announcement that Brazil had discovered more oil off the Brazilian coast, could not have been a coincidence. While Brazilian military leaders now say they understand the reasons for the Fourth Fleet's standup, President Lula has recently stated again that it poses some threat to Brazil. Lula's statement was pure domestic politics, and his advisors have assured us that he understands the true nature and purpose of the Fourth Fleet. Nonetheless, the episode both demonstrates and has heightened Brazilian sensitivities with regard to U.S. military actions in the region.

¶13. (U) Oil Field Discoveries. In a similar vein, discoveries of oil off Brazil's coast have been cited as justifications for increasing Brazil's navy -- even to include a nuclear-powered submarine. While the oil finds will almost certainly increase Brazil's future prosperity, we should seek to turn the strategic dialogue in Brazil away from fantasies that another country--potentially the United States--would try to seize the oil fields to a productive discussion of energy security and the importance of maintaining freedom of the seas.

¶14. (C) The Amazon. There is a portion of the Brazilian population, and military, convinced the United States has nefarious designs on the Amazon. Fortunately, the rabid ultra-nationalists are in the minority, but this issue will never die as the famous internet hoax about a supposed U.S. social studies textbook which shows a map of the Amazon overlaid with the words "International Territory" continues to make the rounds every couple of years.

¶15. (C) Terrorism. Officially, Brazil does not have terrorism inside its borders. In reality, several Islamic groups with known or suspected ties to extremist organizations have branches in Brazil and are suspected of carrying out financing activities. Although there is good working-level law enforcement cooperation between the U.S. and Brazil on terrorism related activities, the official position of the government is to deny that Brazil has any terrorist activity.

¶16. (C) Tri-Border Area (TBA). Related to the above, Brazilians are wary of U.S. officials who say "terrorism" and "TBA" in the same sentence. The new Brazilian come-back to a comment about the TBA is "which one? We have nine tri-border areas." The facts are there are probably more foreign intelligence capabilities in the TBA than there are

BRASILIA 00000229 004 OF 004

terrorists. The real sleeping giant is So Paulo where a Middle Eastern population of over a million provides excellent opportunity to blend in with the crowd.

¶17. (C) Indigenous lands. The military does not like the fact that the government has given "sovereign" status to Indian lands, especially in border areas. The current hot-button issue is the Serra Raposa do Sol area (northern state of Roraima border with Venezuela) where the government has ordered rice farmers out of Indian lands and sent the Army to enforce the policy. Privately, Brazilian officers complain about this since the Army cannot stay in the area indefinitely and when it pulls out the farmers will move right back in. That sentiment is coupled with the general opinion that the Indians don't produce anything but the farmers do, so the farmers should be the ones using the land.

Additionally, many officers believe the "sovereign" status of the land is an invitation to those who would use the border area for transnational crime since there is no state presence.

SOBEL